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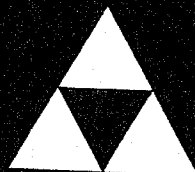
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A PUBLIC POLICY MONOGRAPH

# Emerging Data on Consumer-Driven Health Plans

*May 2009*

American Academy of Actuaries  
Consumer-Driven Health Plans Work Group



AMERICAN ACADEMY *of* ACTUARIES

### ***Executive Summary***

Consumer-driven health (CDH) products have been marketed in various forms since the early 2000s. While emerging data is not entirely conclusive, general directional conclusions can be drawn from the studies published to date. This monograph summarizes the results of some of those studies, focusing on the ones that are based on historical claims data, that use credible methodologies, and that provide reasonably detailed and relevant results. The studies reviewed were:

- *Making an Impact—Aetna Health Fund* (2008)
- *CIGNA Choice Fund: Two Year Experience Study, 2005-2006* (March 2008)
- *Reden & Anders—Consumer Directed Health Care: A Look at Current Experience* (November 2006)
- *Uniprise—2008 CDHP Results Discussion* (March 2008)

This monograph focuses on the most recent version of each study identified above, but it should be noted that many of the studies included have been repeated multiple times for growing data sets over the past few years. In general, the previous versions of these studies show similar results as the ones that are discussed in this monograph.

The observations of this monograph are organized around four main questions that are frequently raised regarding CDH plans:

- Do CDH designs result in any first-year cost savings and/or favorable effects on cost trends beyond the first year?
- Are the apparently positive results presented by market participants real or the result of favorable selection?
- Are cost savings generated at the expense of necessary care or the result of delayed or inappropriate avoidance of care?
- Are CDH plans merely a device for employers to shift more of the total benefit cost to employees?

With regard to first-year cost savings, all studies showed a favorable effect on cost in the first year of a CDH plan. CDH plan trends ranged from -4 percent to -15 percent. Coupled with a control population on traditional plans that experienced trends of +8 percent to +9 percent, the total savings generated could be as much as 12 percent to 20 percent in the first year. All studies used some variation of normalization or control groups to account for selection bias.

For savings after the first year, at least two of the studies indicate trend rates lower than traditional PPO plans by approximately 3 percent to 5 percent. If these lower trends can be further validated, it will represent a substantial cost-reduction strategy for employers and employees.

Generally, all of the studies indicated that cost savings did not result from avoidance of appropriate care and that necessary care was received in equal or greater degrees relative to traditional plans. All of the studies reviewed reported a significant increase in preventive services for CDH participants. Three of the studies found that CDH plan participants received recommended care for chronic conditions at the same or higher level than traditional (non-CDH) plan participants. Two studies reported a higher incidence of physicians following evidence-based care protocols.

Finally, the studies indicated that while the possibility for employer cost-shifting exists with CDH plans, (as it does with traditional plans) most employers are not doing so, and might even be reducing employee cost-sharing under certain circumstances.



September 2010

September newsletter

## Bend the Cost Curve with CIGNA's CDHP

As of January 2010, approximately ten million people were covered by HSA/HDHP products, an increase of 25 percent since last year.\* In fact, more and more clients are turning to CIGNA's simple-to-administer consumer-driven health plans to achieve consistent cost reductions compared to traditional health plans.

Any high-deductible health plan can lower rates by shifting costs to employees – an approach that's short-sighted and often short-lived. CIGNA CDHPs focus on shifting behaviors – not shifting costs – which can result in a healthier, more productive workforce.

The numbers prove it. When comparing CIGNA CDHP with traditional health plans:

- **14 percent – 19 percent – 23 percent:** Proven average annual three-year medical cost trend savings
- **16 percent more** of our customers use preventive care services
- Our CDHP customers use online tools, including cost and quality tools, at a **15 times higher rate**

But that's just the beginning. Our CDHP data sheets (fully insured and self-funding versions) and CDHP presentation will walk you through the basics of what makes CIGNA CDHP a good choice for your clients. Get the facts at [CIGNASelect.com](http://CIGNASelect.com) or talk to your CIGNA representative today.

\* Center for Policy and Research, America's Health Insurance Plans, January 2010 Census Shows 10 Million People Covered by HSA/High-Deductible Health Plans, May 2010, [www.ahipresearch.org](http://www.ahipresearch.org).

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